



Financial Institution EBT Fact Sheet

California Electronic Benefit Transfer (EBT) Project

About EBT

- EBT is the automation of government benefit delivery through the use of on-line electronic funds transfer technology (i.e. magnetic stripe debit cards).
- EBT is already in place in 48 states, the District of Columbia, and Puerto Rico.
- In California **all** Food Stamp Program benefits will be delivered via EBT.
- 38 Counties will use EBT for cash benefits: CalWORKs (TANF) and/or General Assistance (GA/GR).
- California EBT will use the Quest® Operating Rules. Financial Institutions can participate through an ATM gateway (such as STAR, VISA, Fiserv, eFunds, etc.) or a direct connection with Citicorp Electronic Financial Services.
- The BIN for the California EBT Project is 507719. PAN length is 16 digits.

California EBT Implementation Timeline

- Pilot Implementation began in Alameda County and Yolo County August 2002.
- Statewide rollout December 2002-December 2004.
- Los Angeles County implementation begins August 2003.

California EBT Partners

- California Health and Human Services Data Center (**HHSDC**) is the Project Manager.
- California Department of Social Services (**CDSS**) is the Project Sponsor.
- Citicorp Electronic Financial Services (**CEFS**) is the "Issuing" financial institution. They will provide all services and information necessary for "Acquiring" financial institutions to participate in the California EBT program. Citicorp EFS is under contract to HHSDC, the project manager.

CalWORKs Participants

Statistics for the three-year period from January 1998 to December 2000 reveal that:

- 21% of aided adults received CalWORKs for 12 months or less before transitioning off of assistance.
- 70% transition into employment within 36 months, of these, over 80% have remained off aid (and presumably maintained their employment) after 12 months have elapsed.
- The average age of an adult CalWORKs participant is 34 years.
- 42% of the adults have more than 12 years of education.
- 36% of the adults are Hispanic, 30% are Caucasian, 19% are African-American, 14% are Asian, and 1% is Native American.

Banking and Direct Deposit

- California law mandates that those counties offering payroll direct deposit to employees must offer the same option to cash benefit recipients. This requirement became effective in December 2001, and most counties are just beginning to implement this service.
- A rough estimate is that only 25% of CalWORKs participants currently have banking relationships.
- As counties implement EBT their percentage of clients using Direct Deposit is increasing dramatically.

Statewide Transaction Volume

- Average monthly CalWORKs projected caseload: ~488,000
- Average monthly General Assistance projected caseload: ~75,000
- Average projected monthly CalWORKs grant FY 2001/02: \$531.38
- Approximately \$3.3 billion will be distributed to CalWORKs recipients in FY 2001/02.
- Estimated 2.3 cash withdrawal transactions per case per month, based upon cash transactions in other states currently operating an EBT system: ~1.1 million transactions per month.
- Citicorp will pay STAR on-premise interchange fee for each cash withdrawal transaction. Citicorp will also pay standard interchange for denied transactions and balance inquiry transactions.

Benefits of EBT to Financial Institutions

- Counties using EBT will no longer issue monthly warrants, thus reducing teller lines at branch offices.
- Ability to reach and establish brand loyalty with future customers that may be seeking a banking relationship as they move off aid, or select direct deposit.
- Card usage will increase at ATMs and the bank will receive a competitive interchange fee for each cash withdrawal.
- Recognition of your bank's support of the EBT program by state and local government agencies.
- Positive publicity for waiving surcharges for these low-income Californians may reduce negative public perception about surcharges in general.
- Supporting the EBT program in underdeveloped urban communities will be positively viewed under the Community Reinvestment Act services test. (Federal Register #54647, FFIEC Interagency Q&A, October 21, 1996).
- Retailers and banks will process fewer food stamp coupons as the EBT is more widely used.

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